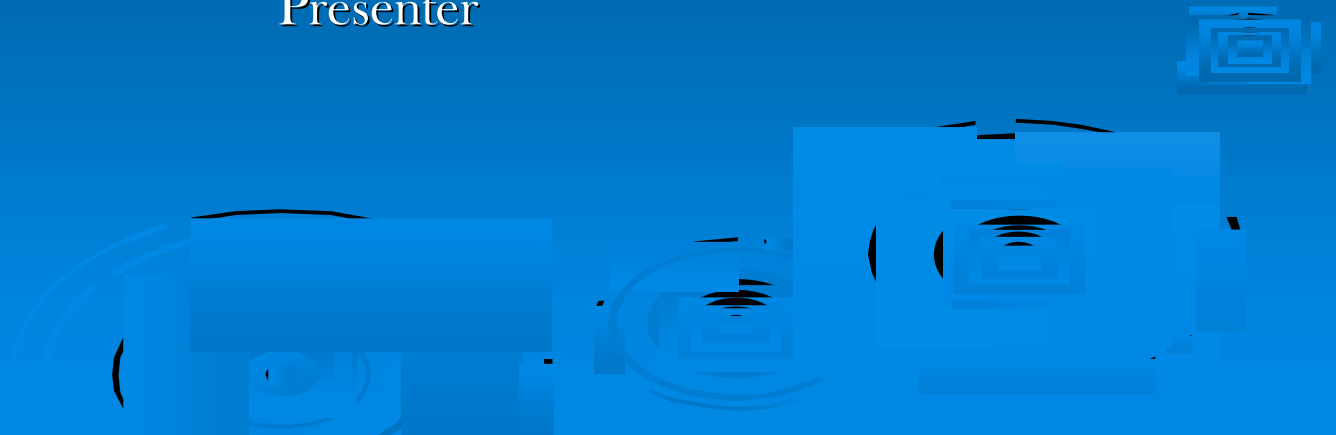


State Water Infrastructure Commission

November 15, 2006

Report to NC Environmental Review Commission

Bill Holman, Chairman
Presenter



- Created by act of the North Carolina General Assembly in 2005

- Purpose of the Commission:
 - identify the State's water infrastructure needs
 - develop a plan to meet those needs
 - monitor implementation of the plan.

The Commission is comprised of 13 members representing State agencies and non-profits, organizations representing North Carolina local governments and members of the water infrastructure and water resources professions.



State Water Infrastructure Commission

Members of the State Water Infrastructure Commission 2006-2008

Standing Members:

Bill Holman, Chairman (also Executive Director of the Clean Water Management Trust Fund)

Chris Beacham, Assistant Secretary, NC Department of Commerce

Dempsey Benton, Deputy Secretary- NC Department of Environment and Natural Resources

Billy Ray Hall, President, NC Rural Economic Development Center

Ellis Hankins, Executive Director, NC League of Municipalities

Vance Holloman, Deputy State Treasurer, Office of State Treasurer

David Thompson, Executive Director, NC Association of County Commissioners

Appointed Members: Serving two-year terms

Dr. Downey Brill, Professor, NC State University (Chancellor's Appointee)

Steve Cavanaugh, Cavanaugh Associates (American Council of Engineering Companies Appointee)

Harold Herring, Executive Director, Neuse Regional Water and Sewer Authority (Appointee of Speaker Pro Tem)

The Honorable Bill Owens, NC House of Representatives (Appointee of House Speaker)

Dudley Watts, Forsyth County Manager (Governor's Appointee)

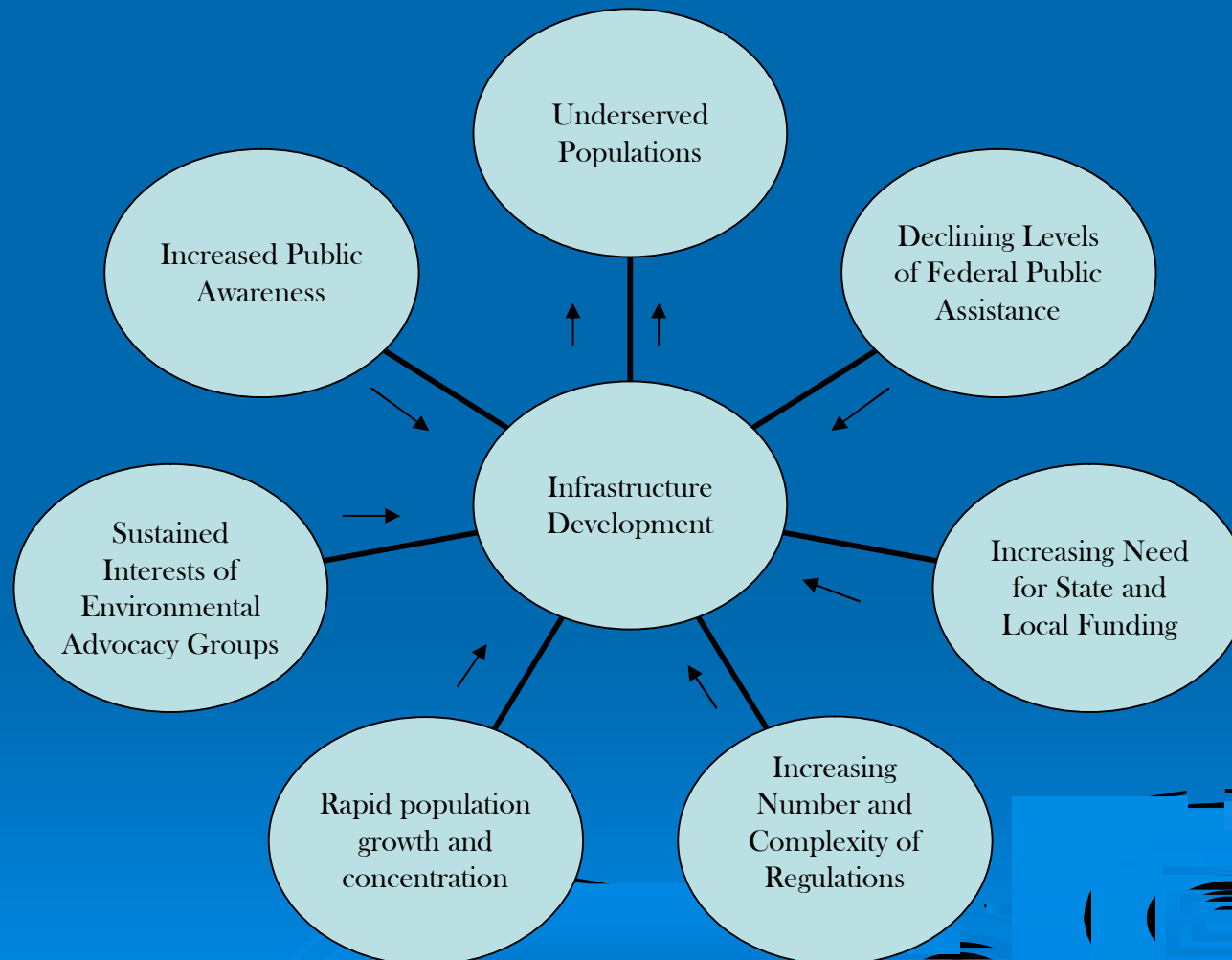
Richard Whisnant, Associate Professor, UNC School of Government (Appointee of Water Resources Research Institute)

Reasoning for the Commission ...

Across the country states are struggling with the question of their future role in the funding and development of infrastructure long recognized as critical to protection of public health and the environment and an essential for economic growth.



Pressures Mounting in North Carolina

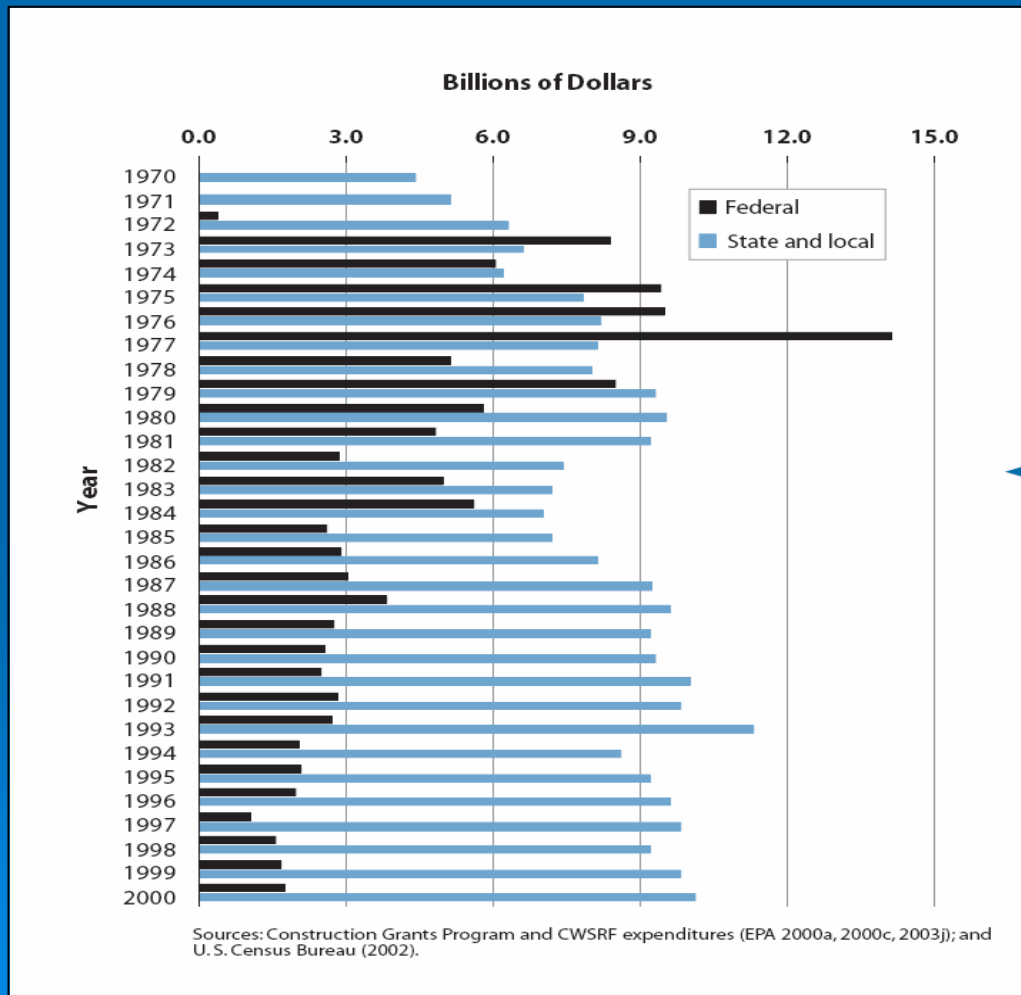


Three Most Notable Pressures: #1 Population Growth and Concentration

Top Ten Growth Counties Ranked by Percent Growth
2000-2005

County	Population July 2005	Population April 2000	Growth	%Growth
Camden	9,008	6,885	2,123	30.8
Union	161,332	123,772	37,560	30.3
Currituck	22,984	18,190	4,794	26.4
Brunswick	89,463	73,141	16,322	22.3
Hoke	40,696	33,646	7,050	21.0
Wake	755,034	627,866	127,168	20.3
Johnston	146,312	121,900	24,412	20.0
Dare	34,790	29,967	4,823	16.1
Cabarrus	150,434	131,063	19,371	14.8
Mecklenburg	796,232	695,370	100,862	14.5

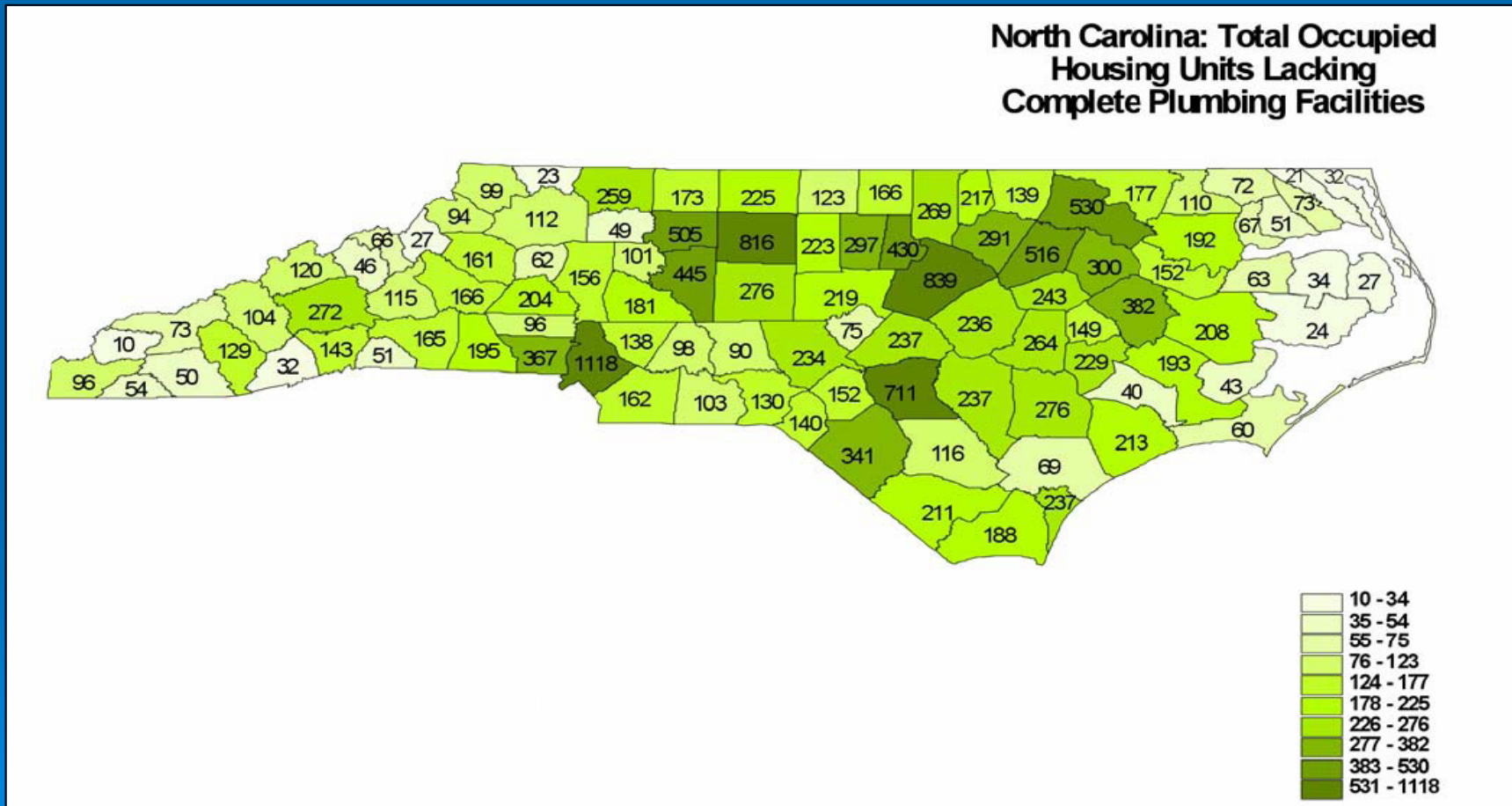
Three Most Notable Pressures: #2 Declining Federal Role



Annual Capital Expenditures on Wastewater Infrastructure 1970-2000

Federal funding for capital wastewater projects peaked in 1977. At that time funding accounted for more than 60 percent of annual capital expenditures on wastewater projects. By 2000, federal funding represented about 15 percent.

Three Most Notable Pressures: #3 Underserved Populations



Duties of the Commission

1. To assess and make recommendations on the role of the State in the development and funding of wastewater, drinking water, and storm water infrastructure in the State.
2. To analyze the adequacy of projected funding to meet projected needs over the next five years.
3. To propose State priorities for funding.
4. To make recommendations on ways to maximize the use of current funding resources, whether federal, State, or local, and to ensure that funds are used in a coordinated manner.

Duties of the Commission

5. To review the application of management practices in wastewater, drinking water, and stormwater utilities and determine the best practices.
6. To assess the role of public-private partnerships in the future provision of utility service.
7. To assess the application of the river basin approach to utility planning and management.
8. To assess the need for a "troubled system" protocol.

Recommendations for Legislative Action



Recommendation #1

Secure \$100 million sustained infrastructure funding to begin FY07-08'

Purpose: Ensure North Carolina can protect human health, preserve its water resources for the future and support economic growth and development

- Stable, new state funding for drinking water, wastewater and stormwater infrastructure of at least \$100 million per year
- Second priority is to recommend that the Governor and the 2007 General Assembly authorize a referendum for the voters of the State to consider passage of a \$1 billion Clean Water Bond

Recommendation #2

Secure \$50 Million in the FY07-08 Budget for Critical Needs

Purpose: To address immediate and critical infrastructure needs.

- 114 wastewater systems under some type of order either limiting or preventing additional connections to their systems
- Most systems located in rural, economically distressed areas with small user populations
- 1998 Clean Water Bonds have been utilized
- Federal funds declining (wastewater) or remaining stable (drinking water)

Recommendation #3

Establish Conditions on State Funding

Technical assistance providers and funding providers develop a plan to guide future state investments that:

- Ensures customers of public systems contribute their “fair share” to fund improvements
- Ensures local Ability to Pay is analyzed and used to allocate funding types and amounts
- Ensures collaboration between existing infrastructure funders is established to maximize the use of all available funds
- Ensures that regionalization, water reuse and other conservations practices become a standard part of project evaluation and funding

Recommendation #4

Support Efforts to Improve Operation & Maintenance of Existing Water, Wastewater and Stormwater Systems

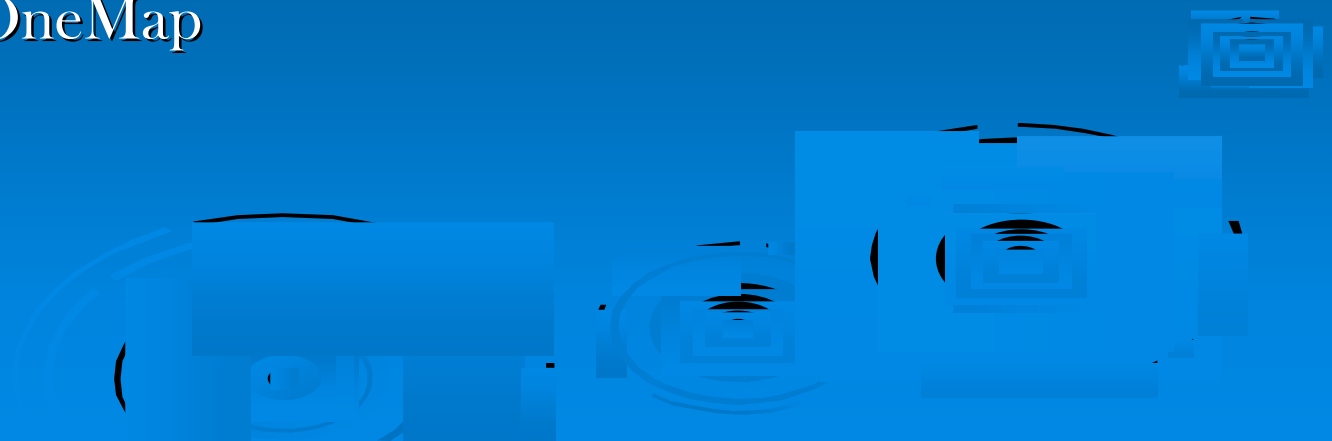
- Improve education for system owners
- Development of a shadowing program between current and retired operators
- Scholarship programs
- Development of a list serve for operator questions and dialog
- Develop educational materials for HS job fairs



Recommendation #5

Provide for Regular Updates to the State Water and Wastewater Data Layers

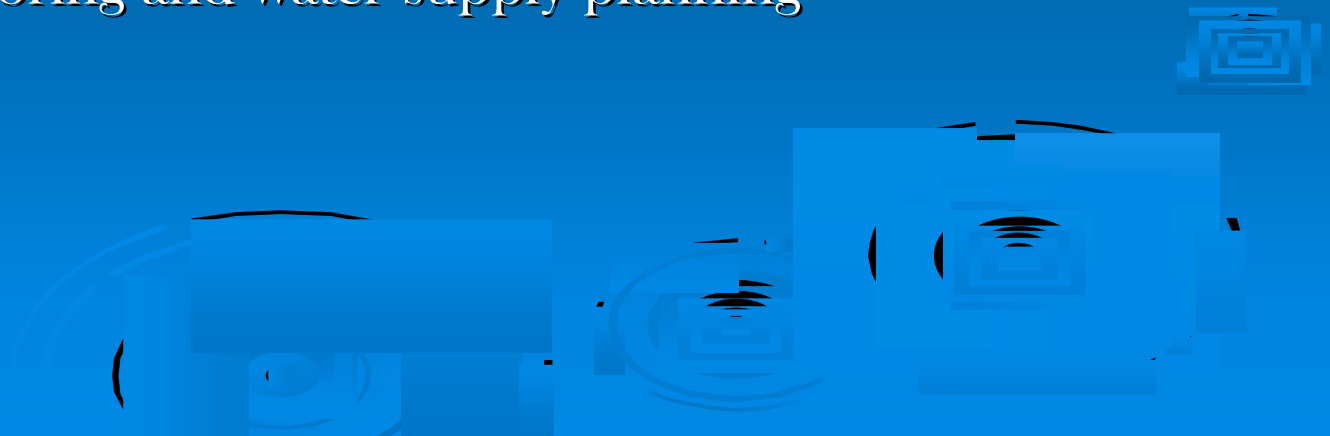
- SWIC supports full funding for an initial update of the Water 2030 water, wastewater and stormwater data and annual updates thereafter
- The data is essential to support planning and emergency management efforts and will be easily accessible to the public through NCOneMap



Recommendation #6

Establish State Funding for North Carolina Stream Mapping Project: Phase II

- Recommend full funding for completion of the NC Geographic Information Coordinating Council's plan to improve the mapping and digital representation of streams and surface waters
- Stream Mapping Project data is a critical foundation for water quality monitoring and water supply planning



Recommendation #7

Fund the Commission at \$250,000 per year

Purpose: Provide funding for ongoing operations.

- In current national environment, states are being called upon to define a broader and more comprehensive role in both the financing and development of infrastructure
- SWIC provides a necessary forum for discussion and decision-making on water resources and infrastructure matters for the State of North Carolina

It shall be the policy of this State to conserve and protect its lands and waters for the benefit of all its citizenry, and to this end it shall be a proper function of the State of North Carolina and its political subdivisions to acquire and preserve park, recreational, and scenic areas, to control and limit the pollution of our air and water, to control excessive noise, and in every other appropriate way to preserve as a part of the common heritage of this State its forests, wetlands, estuaries, beaches, historical sites, openlands, and places of beauty.

- **Article XIV, Section 5, North Carolina State Constitution**